

## Message Text

UNCLASSIFIED

PAGE 01 PORTO 00123 281403Z  
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07  
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06  
SP-02 EPG-02 OMB-01 /061 W  
-----290408Z 115607 /14

R 281100Z MAY 77  
FM AMCONSUL PORTO ALEGRE  
TO SECSTATE WASHDC 0558  
INFO AMEMBASSY BRASILIA  
AMCONSUL SAO PAULO

UNCLAS PORTO ALEGRE 0123

E.O.11652:NA  
TAGS: EGEN,BR  
SUBJ: EXIMBANK FINANCIAL FOR SALE OF POWER EQUIPMENT TRANSMISSION  
TO COMPANHIA ESTADUAL DE ENERGIA ELETRICA

REF: STATE 106670

1. BANCO REGIONAL DO EXTREMO SUL (BRDE) IS A DEVELOPMENT BANK JOINTLY OWNED BY THE GOVERNMENT OF THE STATES OF PARANA, SANTA CATARINA, AND RIO GRANDE DO SUL. THE THREE STATES ARE EQUAL SHAREHOLDERS IN THE BANK'S CAPITAL -- CURRENTLY REPORTED AT 919.7 MILLION CRUZEIROS. THE THREE STATES HAVE DISPARATE CLAIMS ON BRDE'S RESERVES, PROPORTIONAL TO BRDE'S DEFFERENT APPLICATIONS AND EARNINGS IN EACH STATE. CURRENT COMPOSITION OF CAPITAL AND RESERVES IS AS FOLLOWS: STATE OF RIO GRAND DO SUL - CR\$528.2 MILLION, STATE OF PARANA - CR\$232.8 MILLION, AND STATE OF SANTA CATARINA - CR\$156.2 MILLION. BRDE WAS ESTABLISHED IN 1961, LISTS ITS CURRENT ASSETS AS CR\$8.9 BILLION, CURRENT LIABILITIES AS CR\$7.99 BILLION.

2. BRDE DOES NOT COMMIT THE FULL FAITH AND CUXEDIT OF THE BRAZILIAN FEDERAL GOVERNEMENT BY VIRTUE OF ITS SIGNATURE.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PORTO 00123 281403Z

THE BANK'S GUARANTEE FOR THIS SPECIFIC LOAN TO THE STATE ELETRICAL COMPANY (CEEE) PLEDGES THE FULL FAITH AND CREDIT OF THE STATE GOVERNEMENT OF RIO GRANDE DO SUL. SINCE CEEE IS ALSO OWNED BY THE STATE OF RIO GRANDE DO SUL, THE BORROWER AND THE GUARANTOR IN THIS CASE ARE ESSENTIALLY ONE AND THE SAME.

3. THE STATE OF RIO GRAND DO SUL HAS TRADICIONALLY DOMINATED THE MANAGEMENT OF BRDE -- E.G., THE PRESIDENT OF THE BANK HAS ALWAYS BEEN A REPRESENTATIVE OF RIO GRANDE DO SUL. MOST OF THE BANK'S LENDING HAS BEEN TO BORROWERS IN RIO GRANDE DO SUL. RECENTLY THE PRESIDENCY OF BRDE PASSED TO A REPRESENTATIVE OF PARANA, AND THE PRESS REPORTS THAT A MAJORITY (PARANA AND SANTA CATARINA) OF THE INTER - GOVERNMENTAL COUNCIL THAT ACTS AS BRDE'S BOARD OF DIRECTORS FAVORED INCREASING THE CAPITAL CONTRIBUTION FROM EACH STATE AND THEREBY THE BANK'S OPERATIONS. RIO GANDE DO SUL REPRESENTATIVES REPORTEDLY RESISTED COMMITTING MORE OF THEIR STATE'S RESOURCES TO BRDE, PREFERRING TO CONCENTRATE RESOURCES IN ITS OWN STATE DEVELOPEMENT BANK AND EVEN THREATENED TO PULL-OUT OF THE BANK IF THEIR STATE COULD NOT REMAIN FIRST AMONG EQUALS IN THE BANK'S MANAGEMENT. WE WERE TOLD BY A BANK OFFICER THAT RIO GRANDE DO SUL HAS NOW DROPPED THIS POSITION AND WILL REMAIN AN ACTIVE AND EFFECTIVE PARTNER WITHIN BRDE.

4. COMMENT: THE CONSULATE SUPPORTS THIS SALE. IN VIEW OF

CEEE'S CURRENT POSITION LEFT US WITH NO REASON TO DOUBT THE CREDITWORTHNESS OF THE BORROWER. BELIEVE THAT RIO GRANDE DO SUL HAS THE WHEREWITHAL TO SECURE THIS LOAN.  
BARR

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 28-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977PORTO00123  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770192-0371  
**Format:** TEL  
**From:** PORTO ALEGRE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t1977056/aaaaafci.tel  
**Line Count:** 88  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** a1a6a494-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION XMB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 106670  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 22-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2529538  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXIMBANK FINANCIAL FOR SALE OF POWER EQUIPMENT TRANSMISSION TO COMPANHIA ESTADUAL DE ENERGIA ELETRICA  
**TAGS:** EGEN, ELEC, BBAK, BR, XMB, COMPANHIA ESTADUAL DE ENERGIA  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/a1a6a494-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009